

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: MARCH 1, 2010

LEAF: 223
REVISION: 1
SUPERSEDING REVISION: 0

GENERAL INFORMATION

43. TRANSMISSION REVENUE ADJUSTMENT

43.1 The Transmission Revenue Adjustment ("TRA") shall be based on a monthly comparison of (1) a forecast based transmission revenue credit that is reflected in delivery rates, and (2) the actual transmission revenue realized, exclusive of revenue taxes imposed thereon.

43.2 Transmission Revenue is defined as wholesale transmission services, excluding congestion rents from Transmission Congestion Contracts, (TCCs).

43.3 The forecast based transmission revenue credit reflected in delivery rates is \$132,128,756.

43.4 The calculation of the Transmission Revenue Adjustment shall be determined on a cost month basis and applied on a two-month lag basis.

43.5 As a result of the monthly comparison of the base transmission revenue credit amount to the actual transmission revenue amount, the TRA determined to be in excess of the base transmission revenue credit amount shall be refunded to customers. The TRA determined to be less than the base transmission revenue credit shall be collected from customers.

43.5.1 In the event that the monthly comparison of base transmission revenue to actual transmission revenue exceeds \$6 million, plus or minus, in any given month, the amount over the \$6 million will be deferred to the next cost month, with a return at the Company's cost of capital. If the \$6 million cap is reached for an additional two consecutive months, the cap will be increased to \$8 million. The \$8 million cap shall remain in place as long as the TRA exceeds +/- \$6 million, including recovery of the deferral and corresponding return, and will revert back to the \$6 million monthly cap once the TRA, including recovery of the deferral and return, falls to less than or equal to +/- \$6 million.

43.6 The TRA amount determined above shall be allocated to applicable service classifications based on the percent allocation of Transmission Revenue in the Company's most current embedded cost of service study (ECOS). The allocation of such revenues in the ECOS is based on single coincident peak method. The percent allocations are as follows:

<u>PSC No. 220</u>		<u>PSC No. 214</u>
SC1	41.19%	All Service Classifications 0.03%
SC1C	1.05%	
SC2ND	3.00%	
SC2D	15.91%	
SC3-Secondary	16.22%	
SC3-Primary	5.97%	
SC3-Sub Transmission/Transmission	1.81%	
SC3A-Secondary	.85%	
SC3A-Primary	2.57%	
SC3A Sub Transmission/Transmission	11.40%	